

**THE SUMMIT COUNSELING CENTER, INC.**

**FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2019 AND 2018**

**with  
INDEPENDENT AUDITORS' REPORT**

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## INDEPENDENT AUDITORS' REPORT

### **Board of Directors**

#### **The Summit Counseling Center, Inc.**

We have audited the accompanying financial statements of The Summit Counseling Center, Inc. (the "Summit"), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP"); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Summit's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Summit's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Summit as of June 30, 2019, and the changes in net assets and cash flows for the year then ended in conformity with GAAP.

## **Emphasis of Matter – Prior Year Financial Information**

The prior year comparative information and the financial statements of The Summit Counseling Center, Inc. as of and for the year ended June 30, 2018 were audited by other auditors whose report dated May 1, 2019 expressed an unqualified opinion on those financial statements.

*Smith & Howard*

April 15, 2020

**THE SUMMIT COUNSELING CENTER, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2019 AND 2018**

**ASSETS**

	<u><b>2019</b></u>	<u><b>2018</b></u>
Cash and cash equivalents	\$ 185,145	\$ 117,864
Due from related entity	-	140,082
Other	29,473	3,054
Property and equipment, net	<u>108,070</u>	<u>100,486</u>
 Total Assets	 <u><u>\$ 322,688</u></u>	 <u><u>\$ 361,486</u></u>

**LIABILITIES AND NET ASSETS (DEFICIT)**

Liabilities		
Accounts payable and accrued expenses	\$ 112,186	\$ 111,455
Deferred revenues	11,293	15,557
Due to related entity	<u>6,019</u>	<u>-</u>
 Total Liabilities	 129,498	 127,012
 Net Assets		
Without Donor Restrictions		
Board designated	137,036	123,623
Undesignated	<u>(88,086)</u>	<u>18,596</u>
Total Without Donor Restrictions	48,950	142,219
 With Donor Restrictions	 <u>144,240</u>	 <u>92,255</u>
	<u>193,190</u>	<u>234,474</u>
	 <u><u>\$ 322,688</u></u>	 <u><u>\$ 361,486</u></u>

The accompanying notes are an integral part of these financial statements.

**THE SUMMIT COUNSELING CENTER, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED JUNE 30, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Other Support:			
Counseling fees	\$ 2,361,266	\$ -	\$ 2,361,266
Contributions	467,493	280,437	747,930
Client assistance fund revenue	363,920	-	363,920
In-kind contributions	166,331	-	166,331
Other	-	-	-
Net assets released from restrictions	<u>228,452</u>	<u>(228,452)</u>	<u>-</u>
	<u>3,587,462</u>	<u>51,985</u>	<u>3,639,447</u>
Expenses:			
Program	3,032,919	-	3,032,919
Management and general	311,551	-	311,551
Fundraising	<u>336,261</u>	<u>-</u>	<u>336,261</u>
	<u>3,680,731</u>	<u>-</u>	<u>3,680,731</u>
Change in Net Assets	(93,269)	51,985	(41,284)
Net Assets at Beginning of Year	<u>142,219</u>	<u>92,255</u>	<u>234,474</u>
Net Assets at End of Year	<u>\$ 48,950</u>	<u>\$ 144,240</u>	<u>\$ 193,190</u>

The accompanying notes are an integral part of these financial statements.

**THE SUMMIT COUNSELING CENTER, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED JUNE 30, 2018**

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
Revenues and Other Support:			
Counseling fees	\$ 1,688,192	\$ -	\$ 1,688,192
Contributions	571,918	62,305	634,223
Client assistance fund revenue	260,357	-	260,357
In-kind contributions	159,875	-	159,875
Other	1,349	-	1,349
Net assets released from restrictions	<u>99,169</u>	<u>(99,169)</u>	<u>-</u>
	<u>2,780,860</u>	<u>(36,864)</u>	<u>2,743,996</u>
Expenses:			
Program	1,914,032	-	1,914,032
Management and general	259,808	-	259,808
Fundraising	<u>450,844</u>	<u>-</u>	<u>450,844</u>
	<u>2,624,684</u>	<u>-</u>	<u>2,624,684</u>
Change in Net Assets	156,176	(36,864)	119,312
Net Assets at Beginning of Year	<u>(13,957)</u>	<u>129,119</u>	<u>115,162</u>
Net Assets at End of Year	<u>\$ 142,219</u>	<u>\$ 92,255</u>	<u>\$ 234,474</u>

The accompanying notes are an integral part of these financial statements.

**THE SUMMIT COUNSELING CENTER, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2019**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries	\$ 2,362,777	\$ 199,221	\$ 62,662	\$ 2,624,660
Events	-	-	258,505	258,505
Occupancy	191,894	51,172	12,793	255,859
Clinical program	126,562	2,525	58	129,145
Information technology	82,601	27,534	-	110,135
Advertising	81,613	-	-	81,613
Banking	83,708	854	854	85,416
Depreciation and amortization	33,808	11,269	-	45,077
Office	19,753	5,267	1,317	26,337
Administrative	15,000	5,000	-	20,000
Professional fees	15,361	8,342	72	23,775
Other	19,842	367	-	20,209
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses	\$ 3,032,919	\$ 311,551	\$ 336,261	\$ 3,680,731

The accompanying notes are an integral part of these financial statements.



**THE SUMMIT COUNSELING CENTER, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2018**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries	\$ 1,453,866	\$ 183,197	\$ 183,197	\$ 1,820,260
Events	-	-	255,023	255,023
Occupancy	162,047	43,212	10,803	216,062
Clinical program	73,682	933	-	74,615
Advertising	56,819	-	-	56,819
Banking	53,287	544	544	54,375
Information technology	25,718	8,572	-	34,290
Office	18,197	4,852	1,213	24,262
Depreciation and amortization	15,367	5,122	-	20,489
Administrative	15,000	5,000	-	20,000
Professional fees	7,933	7,933	-	15,866
Travel	7,256	-	-	7,256
Professional development	6,288	64	64	6,416
Other	<u>18,572</u>	<u>379</u>	<u>-</u>	<u>18,951</u>
 Total Expenses	 <u>\$ 1,914,032</u>	 <u>\$ 259,808</u>	 <u>\$ 450,844</u>	 <u>\$ 2,624,684</u>

The accompanying notes are an integral part of these financial statements.

**THE SUMMIT COUNSELING CENTER, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (41,284)	\$ 119,312
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and amortization	45,077	20,489
Change in operating assets and liabilities:		
Due to/from related entity	146,101	(93,475)
Other assets	(26,419)	17,929
Accounts payable and accrued expenses	(10,687)	27,521
Deferred revenues	<u>(4,264)</u>	<u>(242)</u>
Total adjustments	<u>149,808</u>	<u>(27,778)</u>
Net Cash Provided by Operating Activities	<u>108,524</u>	<u>91,534</u>
Cash Flows from Investing Activities:		
Purchases of property and equipment	<u>(41,243)</u>	<u>(82,300)</u>
Net Cash Required by Investing Activities	<u>(41,243)</u>	<u>(82,300)</u>
Net Change in Cash and Cash Equivalents	67,281	9,234
Cash and Cash Equivalents at Beginning of Year	<u>117,864</u>	<u>108,630</u>
Cash and Cash Equivalents at End of Year	<u>\$ 185,145</u>	<u>\$ 117,864</u>

Non-Cash Investing Activities

At June 30, 2019, accounts payable included \$11,418 related to purchases of property and equipment.

The accompanying notes are an integral part of these financial statements.

**THE SUMMIT COUNSELING CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 1 – ORGANIZATIONAL MATTERS**

Nature of Organization

The Summit Counseling Center, Inc. (the “Summit”) is a private, nonprofit community-focused organization providing professional counseling services by state licensed and/or certified mental health professionals to the North Metro Atlanta community. The Summit’s mission is to provide professional counseling, psychological services, and community education services utilizing an integrated approach to care for the whole person-body, mind, spirit and community. A wide spectrum of services is provided for adults, children, teens, and families including services for anxiety, depression, grief, trauma, and other mental health and substance use disorders. The Summit is committed to providing care for those who cannot afford the full cost of services through the Client Assistance Funds – subsidies composed of private donations, event-based fundraising proceeds, and partnerships. Through the innovative Summit OnSite School-Based Therapy program, in 2018-2019 The Summit provided onsite services in 19 local public and private schools (High Schools, Middle Schools, and Elementary Schools). The Summit partners with a wide range of community partners including churches, schools, businesses, foundations, individuals, and other nonprofit organizations to serve the North Metro Atlanta Community. The Summit is accredited by The Solihten Institute, Denver, Colorado.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The Summit follows accounting standards set by the Financial Accounting Standards Board (“FASB”). The FASB sets accounting principles generally accepted in the United States of America (“GAAP”).

New Accounting Policy

In August 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a nonprofit’s liquidity and availability of resources, expenses and investments returns, and cash flows.

**THE SUMMIT COUNSELING CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

New Accounting Policy (Continued)

Main provisions of this guidance include: (a) presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring that all nonprofits present an analysis of expenses by function and nature and disclose a summary of the allocation methods used to allocate costs, (d) presenting investment return net of external and direct internal investment expenses, and (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources.

The Summit has elected to adopt ASU 2016-14 as of and for the year ended June 30, 2019, with retrospective application for the 2018 financial statements. The Summit opted to not disclose liquidity and availability information for 2018 as permitted under the ASU in the year of adoption.

Financial Statement Presentation

The Summit prepares its financial statements using the accrual method of accounting; consequently, revenues and the related assets are recognized when earned and expenditures are recognized when the obligation is incurred.

Net assets, revenue, and support are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. Included within this category are Board-designated net assets, which are funds not specifically restricted by outside donors, but designated by the Board of Directors for a specific purpose.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that such resources be maintained in perpetuity.

**THE SUMMIT COUNSELING CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Reclassifications

Certain 2018 amounts have been reclassified to conform with the 2019 financial statement presentation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts recorded and disclosed in these financial statements. Actual results could differ from those estimates.

Functional Allocation of Expenses

The Summit allocates its expenses on a functional basis among its programs and supporting services. Expenses that can be identified with a specific program or supporting service are allocated directly. Expenses common to several functions are allocated according to the formula developed by management.

Revenue Recognition

Counseling center fees are due after services are performed and revenue is recognized in the period in which the services are provided. In 2019, the counseling center collected fees in advance of services being performed and recorded as deferred revenue. The revenue is recognized when services are performed in the following fiscal year. Counseling center fees earned but uncollected at June 30, 2019 and 2018 were not significant.

Contributions

The Summit reports contributions of cash and other assets as donor restricted support if they are received with donor stipulations that limit the use of the donated assets for a future accounting period or for a special purpose. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and net assets as net assets released from restrictions. When donor restricted contributions are received, and the restrictions are met in the same accounting period, they are reported as increased in net assets with donor restrictions and net assets released from restrictions.

**THE SUMMIT COUNSELING CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Contributions (Continued)

The Summit reports gifts of land, buildings and equipment, or the right to use those assets at estimated fair value as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as donor restricted support.

Gifts-In-Kind

Donated goods and services are reflected as contributions in the accompanying financial statements at their estimated fair values at the date of receipt. The value of donated services is recorded in the financial statements if the services create or enhance non-financial assets or require specialized skill that would typically need to be purchased if not donated. Services donated to the Summit are only recognized in the financial statements when utilized. During the years ended June 30, 2019 and 2018, the Summit received and utilized \$166,331 and \$159,875 in donated goods and services, respectively.

Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid investments that are readily convertible into cash and have a maturity of ninety days or less from the date of purchase. At times, cash and cash equivalent balances exceed federally insured amounts. The Summit believes it reduces risks associated with balances in excess of federally insured amounts by maintaining its cash with major financial institutions with sound financial standing. If liquidity issues arise in the global credit and capital markets, it is at least reasonably possible that these changes in risks could materially affect the amounts reported in the accompanying financial statements.

Property and Equipment

Acquisitions of property and equipment in excess of \$1,500 are capitalized. Property, equipment and leasehold improvements are depreciated and amortized using the straight-line method over the estimated useful lives of the assets of 3-30 years.

**THE SUMMIT COUNSELING CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Property and Equipment (Continued)

Property and equipment of the Summit consists of the following at June 30:

	<u>2019</u>	<u>2018</u>
Building Improvements	\$ 71,964	\$ 71,964
Furniture and Equipment	68,988	66,348
Computers and Software	115,455	100,685
Leasehold Improvements	<u>50,093</u>	<u>14,842</u>
	306,500	253,839
Less Accumulated Depreciation and Amortization	<u>(198,430)</u>	<u>(153,353)</u>
	<u>\$ 108,070</u>	<u>\$ 100,486</u>

Depreciation expense was \$45,077 and \$20,489 for the years ending June 30, 2019 and 2018, respectively.

Income Taxes

The Summit is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for incomes taxes has been made.

The Summit annually evaluates all federal and state income tax positions. This process includes an analysis of whether these income tax positions the Summit takes meet the definition of an uncertain tax position under the Income Taxes Topic of the Financial Accounting Standards Codification. Management believes the Summit is no longer subject to income tax examinations for tax years ending before June 30, 2016.

Advertising

Advertising costs are expensed as incurred. For the years ended June 30, 2019 and 2018, advertising expense totaled \$81,613 and \$56,819, respectively.

**NOTE 3 – RELATED PARTY TRANSACTIONS**

The \$6,019 balance due to a related entity at June 30, 2019 represents net borrowings from an affiliated entity which are non-interest bearing. The \$140,082 balance due from related entity at June 30, 2018 represents net transfers to an affiliated entity which is non-interest bearing.

**THE SUMMIT COUNSELING CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 3 – RELATED PARTY TRANSACTIONS (Continued)**

The Summit shares operating expenses with an affiliated entity. Total shared operating expenses of \$20,000 were allocated to the Summit during each of the years ended June 30, 2019 and 2018.

The Summit uses certain facilities owned by affiliated entities at no cost. To account for this benefit, the Summit recognized in-kind revenue and expense of \$159,875 for the years ended June 30, 2019 and 2018.

**NOTE 4 – EMPLOYEE BENEFIT PLAN**

The Summit provides a discretionary retirement program to its employees by utilization of an Internal Revenue Code Section 403(b) plan. The Summit matches the employees' contributions to a maximum of 4% of gross wages. Employees become eligible for this program after one year of employment and with a minimum of 1,000 hours of service. The Summit contributed and expensed approximately \$58,000 and \$42,000 to this program for the year ended June 30, 2019 and 2018, respectively.

**NOTE 5 – NET ASSETS**

Net assets with donor restrictions are restricted for the following purposes as of June 30:

	<u>2019</u>	<u>2018</u>
Capital expenditures	\$ 14,843	\$ 14,843
Counseling	126,832	74,847
Other designated funds	<u>2,565</u>	<u>2,565</u>
	<u>\$ 144,240</u>	<u>\$ 92,255</u>

The Board also designates a portion of net assets without donor restrictions to be reserved for future operations. The amounts designated by the Board for the years ended June 30, 2019 and 2018 were \$137,036 and \$123,623, respectively.



**THE SUMMIT COUNSELING CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 6 – LIQUIDITY AND AVAILABILITY**

The Summit's financial assets available within one year for general expenditure are as follows at June 30, 2019:

Cash and cash equivalents	\$ 185,145
Board designated restrictions	(137,036)
Donor imposed restrictions	<u>(144,240)</u>
	<u>(281,276)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>(96,131)</u>

To manage liquidity needs, the Summit opened a line of credit subsequent to June 30, 2019 with maximum borrowings of \$250,000 and an interest rate of LIBOR plus 2.0%. The line is guaranteed by an affiliated entity and matures in December 2020. Additionally, board designated net assets in the amount of \$137,036 were utilized subsequent to June 30, 2019. As part of the Summit's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities and other obligations become due.

**NOTE 7 – SUBSEQUENT EVENT**

The Summit has experienced a disruption of normal business operations caused from COVID-19 since December 31, 2019. The Summit responded with the immediate expansion of The Summit Video Therapy Program providing Telehealth delivery of services via a HIPAA-compliant video-conferencing platform. The overall financial impact cannot be determined through the date of this report; however, it is reasonably possible that changes in risks in the near term could occur which could result in a material change to the financial statements.

Management has evaluated subsequent events through the date of this report, which is the date the financial statements were available to be issued.